

**MINUTES OF THE MEETING OF
THE ADVISORY COMMITTEE OF THE
LOCAL GOVERNMENT PROPERTY INSURANCE FUND**

Tuesday, August 20, 2002

- PRESENT: Kevin Houlihan, Chair, City of Madison
Vince Marchetti, Vice Chair, Town of Necedah
Carole Charles, Outagamie County
Nick Evgenides, Brown County
John Keller, School District of Howard/Suamico
Don LaFontaine, City of Oshkosh
John Rath, Milwaukee County
Harold Reckelberg, Town of Luxemburg
Terry Siikarla, City of West Bend
Barb Wegner, Dane County
Eileen Mallow, Office of the Commissioner of Insurance
Dan Bubolz, Office of the Commissioner of Insurance
- GUESTS: Greg Grunow, The ASU Group
Carrie Nash, The ASU Group
Fred Haring, The ASU Group
April Zelinski, The ASU Group
Dennis Tweedale, Devine & Tweedale
Dave Marchant, Marchant Consulting
- ABSENT: Nicholas Alioto, Kenosha Unified School District #1
Lynn Davis, CESA #6
Jerry Runice, Berlin Area School District
Laura Stauffer, Waukesha County
Patricia Stevens, Town of Grand Chute
Julie Helt, Village of Waunakee
Glinda Loving, 2nd Vice Chair, Milwaukee Metropolitan Sewage District

Kevin Houlihan called the meeting to order at 1:00 p.m.

John Rath presented information on behalf of the **Rate Analysis Sub-Committee**. The sub-committee approved recommending a three-year plan to the Fund to correct rate and surplus deficiencies.

The sub-committee also recommended that the Fund implements new deductible credit tables, and maintains current alarm credits.

Upon a motion made by Vince Marchetti and seconded by Nick Evgenides, the Advisory Committee approves the recommendations of the Rate Analysis Sub-committee that effective January 1, 2003

- 1) The Fund apply rate increases only to Building and Contents, and the Fund adopt the new Deductible Credit tables as revised by Deloitte & Touche;
- 2) The following 3 year plan be implemented by the Fund, with the assumption that the new deductible credit tables and current alarm credits will be in place, and that the rates be reviewed annually to make sure that the Fund is on target with the three year plan objectives:

<u>Policy Renewal Period</u>	<u>Rate Increases Recommended</u>
7/1/02 – 12/31/02	24% - Overall Rate Increase
1/1/03 – 12/31/03	24 % - Overall Rate Increase 24% - "True Up" of ISO Rates 11% - 100% Exposure Value
7/1/03 – 7/1/04	24% - "True Up" of ISO Rates 11% - 100% Exposure Value ? - Deviation Change
1/1/04 – 12/31/04	? - Deviation Change

- 3) And, that the sub-committee will work with the Fund to develop a 5 year plan to identify and implement methods to achieve a target surplus.

Vince Marchetti presented a report on behalf of the **Claims & Policy Issues Sub-Committee**. Vince discussed the conclusions of the sub-committee regarding **Terrorism** and **Mold** coverage, as well as, the issue of **Non-Owned Property**. Upon a motion made by Nick Evgenides and seconded by John Keller, it was unanimously

RESOLVED, that the Advisory Committee consider each recommendation of the Claims & Policy Issues Sub-committee on a separate basis.

Upon a motion made by Don LaFontaine and seconded by Nick Evgenides, effective January 1, 2003, it was unanimously

RESOLVED, that the Fund adopt the ISO language as contained in the Fungus, Wet Rot, Dry Rot and Bacteria Endorsement, and, make the sublimits of the Fund's Pollution coverage and this sublimit consistent at \$15,000 per occurrence subject to an annual maximum of \$50,000.

Upon a motion made by John Keller and seconded by Don LaFontaine, effective January 1, 2003, it was unanimously

RESOLVED, that terrorism coverage will be completely excluded from the Fund's policy, but will then give back the coverage up to \$2 million dollars. If the Fund is successful in obtaining excess terrorism coverage at a later date, the Fund will consider exercising the liberalization clause of the policy depending upon market conditions.

Vince Marchetti and ASU explained the information and recommendations regarding non-owned property. The sub-committee recommended that ASU should immediately begin using the new renewal forms to obtain non-owned property information. Additionally, it is recommended that ASU conduct a survey of policyholders, beginning first with the Advisory Committee, to try to determine the current situation regarding how much and what type of non-owned property is being insured by the Fund. The sub-committee will consider this additional information and formulate additional recommendations to be presented to the Advisory Committee.

Upon a motion made by Vince Marchetti and seconded by Carole Charles, and with the acceptance of a friendly amendment made by Nick Evgenides and seconded by Barb Wegner, it was

RESOLVED, that the Advisory Committee accepted the recommendations of the Claim and Policy Issues Sub-Committee's regarding non-owned property and placed them on file with no action to be taken.

April Zelinski explained the status of the **National Flood Insurance Program Public Entity Pilot Project**. Only six participants will be selected by the NFIP. The National League of Cities has nominated the Fund to participate. The objective is to increase the purchase of flood coverage by public entities by allowing access through governmental pools or programs. If approved for participation, ASU will facilitate the management of the program through a sub-contract with National Con-Serv, Inc. A training session was post-poned from mid-July to late-September. ASU and NCSI will attend.

In response to a question by Don LaFontaine, Dan Bubolz advised that American Appraisal has been selected to be the valuation contractor for the Fund through a competitive bid process.

The next meeting of the Advisory Committee will be held on Tuesday, October 22, 2002 beginning at 9:00 a.m. at the offices of WWMIC.

Upon a motion made by John Rath and seconded by John Keller, it was unanimously

RESOLVED, that the meeting of the Advisory Committee is adjourned at 2:35 p.m.

Respectfully submitted,

April Zelinski

Date

ATTEST:

Kevin Houlihan, Chair

Date